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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Proposed programme budget outline for the biennium 1998-1999

Report of the Secretary-General

I. INTRODUCTION

1. As required by General Assembly resolution 41/213 of 19 December 1986, annex I, the Secretary-General submits, in off-budget years, "an outline of the programme budget for the following biennium, which shall contain an indication of the following:

"(a) Preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;

"(b) Priorities, reflecting general trends of a broad sectoral nature;

"(c) Real growth, positive or negative, compared with the previous budget;

"(d) Size of the contingency fund expressed as a percentage of the overall level of resources."

The outline for the biennium 1998-1999 is hereby submitted.

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* A/51/150.

II. PRELIMINARY ESTIMATE OF RESOURCES TO ACCOMMODATE THE PROPOSED PROGRAMME OF ACTIVITIES DURING THE BIENNIUM

2. In the establishment of a preliminary estimate of resources for the biennium 1998-1999, the current level of appropriations, namely, $2,608 million, was taken as the starting-point. The preliminary estimate, expressed at 1996-1997 rates, has been arrived at as follows:

	Millions of United States dollars
Appropriations for 1996-1997	2 608.3
One-time costs in 1996-1997 (para. 4)	(8.0)
Full provision for new posts costed at less than 93.6 per cent in 1996-1997 (para. 4)	7.0
Net reduction in estimated resources required to accommodate the proposed programme of activities as a result of:	
(a) Intensified efforts to increase productivity (para. 5: -$204.7 million)	
(b) Full provision for possible mandates relating to special missions (para. 6: $70.0 million)	(134.7)
Inclusion of the United Nations portion only of the costs of jointly financed activities and services (para. 7: -$43.2 million)	(43.2)
Preliminary estimate for 1998-1999, at 1996-1997 prices	2 429.4

3. It is anticipated that when these estimates are recosted at 1998-1999 rates, the outline will be around $2,559 million. A comparison between the current programme budget and the preliminary estimates for 1998-1999 may therefore be made as follows:

	Millions of United States dollars
Initial appropriations, 1996-1997	2 608.3
Preliminary estimates ($2,429.4 million) expressed at anticipated 1998-1999 rates	2 559.0

4. It will be recalled that in the proposed programme budget for 1996-1997 new posts were not fully funded. New posts at the Professional level were costed at 50 per cent while those in the General Service category were costed at 65 per cent. Full biennial provision in 1998-1999 for those partially funded posts in the current biennium would require an additional $7 million. On the other hand, a provision of $8.0 million relating to one-time costs in 1996-1997 would not be required.

5. Intensified efforts for increased productivity, accompanied by streamlined structures and work processes have resulted in reductions in the programme budget for 1996-1997. These have been pursued on a sustained basis and are expected to lead to reduced requirements in the long run. In the circumstances, a reduction of $204.7 million, including a reduction of some 1,000 posts, may be anticipated in comparison with the current staffing table of 10,021 approved for the 1996-1997 biennium. With the maintenance of a 6.4 vacancy rate, as is budgeted for 1996-1997, the average number of posts occupied in 1998-1999 would be around 8,500.

6. In the preparation of the outline for 1996-1997 and, subsequently, the proposed programme budget, no provision was made for the continuation of existing special missions or for the potential establishment of new ones. The nature of such activities is generally unpredictable. The extension of such missions or the establishment of new ones has traditionally been secured through additional appropriations voted by the General Assembly. In the light of decisions taken so far in 1996 by the General Assembly regarding the extension of the mandates of existing missions, it would appear advisable to include a provision in the outline. The current appropriations for 1996-1997 include $15 million for special missions. An additional $70 million is included in the preliminary estimate for 1998-1999, for a total of $85 million.

7. The change in estimated resources also reflects provisions on a net rather than gross basis for the International Civil Service Commission and its secretariat, the Joint Inspection Unit and its secretariat and the services provided by the United Nations at the Vienna International Centre. These expenditures have heretofore been presented in the programme budget on a gross basis under the relevant expenditure sections and the corresponding income reflected under income section 2. It is proposed that starting with the 1998-1999 biennium they be reflected in the expenditure sections of the programme budget on a net basis. The full budgets will still be presented to the General Assembly for consideration and approval; appropriations, however, will be sought on a net basis. This change will reflect more accurately the true level of expenditure under the regular budget applicable to the United Nations. This proposed change in presentation would lead to a reduction of $43.2 million.

8. The Secretary-General is reasonably confident that the objectives of the programmes included in the proposed medium-term plan for the period 1998-2001 can be pursued in 1998-1999 within the overall level of resources included in the proposed outline. As was the case with the proposed programme budget for 1996-1997, the programme budget for 1998-1999 will be subjected to the most intense scrutiny within the Secretariat.

9. The annex to the present report provides the preliminary estimates of resources distributed among the various parts of the programme budget.

III. PRIORITIES, REFLECTING GENERAL TRENDS OF A BROAD SECTORAL NATURE

10. The proposed medium-term plan for the period 1998-2001 reflects the following priorities: maintenance of peace and security, promotion of sustained economic growth and sustainable development of developing countries; development of Africa; promotion of human rights; effective response to humanitarian emergencies; and promotion of justice and international law. The 1998-1999 programme budget will also reflect these priorities.

IV. REAL GROWTH, POSITIVE OR NEGATIVE, COMPARED WITH THE PREVIOUS BUDGET

11. The preliminary estimate represents a reduction of $178.9 million or 6.9 per cent compared with the initial appropriations for the biennium 1996-1997.

V. SIZE OF THE CONTINGENCY FUND

12. The size of the contingency fund was set at 0.75 per cent of the overall level of resources for the first outline and for all subsequent ones. It has always proved to be adequate to accommodate additional expenditures derived from legislative mandates not provided for in the proposed programme budget as defined in General Assembly resolutions 41/213 of 19 December 1986 and 42/211 of 21 December 1987. In the first year of the 1996-1997 biennium, the level of drawdown against the contingency fund, which for 1996-1997 was set at $20.6 million, has been, so far, $1.1 million. It is recommended that the level be set at 0.25 per cent for the biennium 1998-1999, representing $6 million.

ANNEX

Preliminary estimates for the biennium 1998-1999

(Millions of United States dollars)

	Expenditure by part	1996-1997 appropriation	Resource change		Total
			Amount	Percentage	
I.	OVERALL POLICY-MAKING, DIRECTION AND COORDINATION	39.0	(1.7)	(4.3)	37.3
II.	POLITICAL AFFAIRS	163.1	61.8	37.9	224.9
III.	INTERNATIONAL JUSTICE AND LAW	51.0	(3.2)	(6.2)	47.9
IV.	INTERNATIONAL COOPERATION FOR DEVELOPMENT	300.5	(19.2)	(6.4)	281.3
V.	REGIONAL COOPERATION FOR DEVELOPMENT	357.4	(10.0)	(2.8)	347.4
VI.	HUMAN RIGHTS AND HUMANITARIAN AFFAIRS	145.1	(7.8)	(5.4)	137.3
VII.	PUBLIC INFORMATION	132.8	(6.5)	(4.9)	126.2
VIII.	COMMON SUPPORT SERVICES (Administration, buildings management and conference services)	928.6	(111.8)	(12.0)	816.9
IX.	SPECIAL EXPENSES	68.2	(10.9)	(16.0)	57.3
X.	OFFICE OF INTERNAL OVERSIGHT SERVICES	15.1	0.3	2.2	15.4
XI.	CAPITAL EXPENDITURES	50.9	(10.0)	(19.6)	40.9
XII.	STAFF ASSESSMENT	355.3	(58.7)	(16.5)	296.6
XIII.	INTERNATIONAL SEABED AUTHORITY	1.3	(1.3)	(100.0)	0.0
	Total	2 608.3	(178.9)	(6.9)	2 429.4